



Utah State Legislature

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November 7, 2017

President Wayne L. Niederhauser
Speaker Gregory H. Hughes
Utah State Legislature
Salt Lake City, UT 84114

Dear President Niederhauser and Speaker Hughes:

The Social Services Appropriations Subcommittee is pleased to report our actions during the 2017 Interim. You asked us to reach a conclusion and be prepared to report on the following topics:

1. Base Budgets
2. Temporary Assistance for Needy Families (TANF) Federal Block Grant
3. Impact of New Justice Reinvestment Funding to Local Authorities
4. Changes to Federal Fund Structure
5. Medicaid Provider Rate Changes in Utah
6. Medication-Assisted Treatment for Substance Use Disorder
7. Proposed Performance Measures for All New Funding
8. Status of Health Coverage Improvement Program
9. Foster Children and Families

You also asked us to do some budget “deep dives” as appropriate under item 1, Base Budgets.

Following is our report on the items you asked us to study.

1. Base Budgets
 - a. We conducted three deep dives into each of our three agencies, for a total of nine. Below is a list of deep dives completed outside of the topics specifically identified by leadership:
 - b. Newborn Screening Programs (deep dive)
 - i. Recommendation approved in the 6/20 afternoon meeting; motion passed unanimously. The Social Services Appropriation Subcommittee recommends to the Department of Health that they review the option of developing rules authorizing and organizing the membership, governance, powers, and functions of the Newborn Screening Advisory Committee and bring those recommendations back to the committee for review by the last interim meeting, the third week of October.
 1. Health provided an update at the September 19th afternoon meeting of Social Services and will send the draft rules to the Subcommittee for input. Rules should be in place by the end of 2017.

- c. Opioid Outreach Efforts (deep dive)
 - i. Recommendation approved in the 6/20 afternoon meeting; motion passed unanimously. The Social Services Appropriations Subcommittee intends that the Department of Health consult with the Public Employees Health Plan on its five changes made regarding opioid prescribing policies. The Department of Health shall report to the Office of the Legislative Fiscal Analyst by October 1, 2017 on whether the department should do something similar in Medicaid for all changes, a proposed timeline for implementation, and the reasons for pursuing or not pursuing each change taken by the Public Employees Health Plan.
 - 1. Received report in the 10/18 morning meeting stating Health is still reviewing PEHP actions taken. Subcommittee passed the following action: The Department of Health shall report to the Social Services Appropriations Subcommittee by July 1, 2018 on the status of implementing each change taken by the Public Employees Health Plan for opioid interventions and not already fully addressed in the October 2017 report; motion passed unanimously.
- d. Substance Use Disorder (SUD) Treatment (deep dive)
 - i. All staff recommendations approved in the 10/18 morning meeting; motions passed unanimously. The Social Services Appropriations Subcommittee intends that:
 - 1. The Department of Human Services and Department of Health, with the Wasatch and Box Elder/Cache/Rich Local Substance Abuse Authorities (LSAAs), to explore moving from fee-for-service to a capitated payment for SUD treatment provided through Medicaid and to assess the potential associated costs or savings, and report the results to the Legislative Fiscal Analyst (LFA) by January 1, 2018;
 - 2. LSAAs provide greater expenditure detail in their financial reports to DSAMH, including whether personnel provide administrative or direct care functions, and direct the Department of Human Services to report to LFA on the status by September 30, 2018; and
 - 3. The Subcommittee monitor key performance measures of legislative interest before providing new funding and direct the Department of Human Services and other entities to discuss recent performance measure results in conjunction with any requests for new legislative funding, effective for the 2018 General Session.
- e. Disability Service Provider Rates (deep dive)
 - i. All staff recommendations approved in the 9/19 morning meeting; motions passed unanimously. The Social Services Appropriations Subcommittee intends that:
 - 1. The Department of Health (DOH) present the results of the cost analysis of the Home and Community Based Services (HCBS) Waiver, currently being prepared for the Centers for Medicare and Medicaid Services (CMS), to the Social Services Appropriations Subcommittee during the 2018 Interim. I further move to request that, at that time, the Division of Services for People with Disabilities (DSPD) present a proposal for rate adjustments within the three DSPD Waivers based on the results of the cost analysis;

2. All new funding requests for rate increases for disability service providers include a cost analysis, in addition to other justification, and specific performance measurements to determine the impact, effective for the 2018 General Session;
 3. DSPD implement a survey or other means of assessing the reasons that a provider exits the disability services market, when a contract is terminated by a provider rather than DSPD, effective by January 1, 2018; and
 4. DSPD, in conjunction with DOH as needed, examine cost-containment strategies implemented by other states -- including cost limits, service or hourly limits, geographical limits, and transitioning to managed care - and report during the 2018 Interim on the potential for long-term savings, improved care, and the ability to serve more individuals within the same budget.
- f. Supplemental Nutrition Assistance Program (SNAP) Funds (deep dive)
 - i. All staff recommendations were voted on in the 10/18 morning meeting; motions failed 7-2.
- g. Spending on Homeless Services (deep dive)
 - i. Staff recommendations were presented in the 10/18 morning meeting; due to time constraints, the committee took no motions to either reject or accept staff recommendations. This topic will be revisited during the General Session.
2. Temporary Assistance for Needy Families (TANF) Federal Block Grant (deep dive)
 - a. Staff recommendations for the deep-dive were presented and discussed in the 7/26 afternoon meeting; no motions were taken by the committee to either accept or reject staff recommendations.
 - b. The Subcommittee also reviewed and discussed the recent spend-down of TANF Reserve funds.
3. Impact of New Justice Reinvestment Initiative (JRI) Funding to Local Authorities
 - a. The Subcommittee met jointly with the Executive Offices and Criminal Justice (EOCJ) Subcommittee in the 10/18 afternoon meeting to discuss remaining budget needs and funding options.
 - b. All staff recommendations approved in the 10/18 afternoon meeting; motions passed unanimously. The Social Services Appropriations Subcommittee intends that:
 - i. The Department of Corrections and the Commission on Criminal and Juvenile Justice (CCJJ) set aside the approximately \$334,000 in unexpended FY 2017 JRI funds, and that the Executive Offices and Criminal Justice (EOCJ) Subcommittee consider a one-time reallocation of those funds during the 2018 General Session;
 - ii. If the Utah Association of Counties or any other entity submits a funding request for substance use disorder and mental health treatment related to JRI in a future General Session that they, in coordination with the Division of Substance Abuse and Mental Health (DSAMH), provide to the Social Services (SS) Subcommittee an updated estimate of the per-person cost and the number of individuals requiring treatment based on historical data since the start of JRI, as well as describing how changes to the Medicaid program due to H.B. 437 (2016 General Session) impacted that estimate; and
 - iii. The Drug Offender Reform Act (DORA) Oversight Committee report to both the EOCJ and SS Appropriations Subcommittees about the demand for and

outcomes of the DORA program by the 2018 General Session, in order to provide the Legislature with the necessary information to consider repurposing the funds.

- c. During the joint meeting, the Subcommittees also discussed the cross-committee issues of: suspension of Medicaid coverage for incarcerated individuals and funding needs for mental health crisis response.
4. Changes to Federal Fund Structure
 - a. Subcommittee heard a brief presentation from each agency at its 10/18 afternoon meeting. However, we expected that more information about changes to federal funding would be available by this time; we do not recommend discussing this item further until that information is available.
5. Medicaid Provider Rate Changes in Utah (deep dive)
 - a. Staff presented the deep dive at the 9/19 afternoon meeting with 14 recommendations and 10 options. At the 10/18 morning meeting the Subcommittee approved five staff recommendations where the agency was in agreement or neutral on the recommendation and no bill file was required. The Social Services Appropriations Subcommittee intends that:
 - i. The chairs write a letter to Utah's congressional delegation asking for help for the federal government to improve the timeliness of review and approval of Medicaid managed care rates;
 - ii. The Department of Health report to the Office of the Legislative Fiscal Analyst by January 1, 2018 on the trend over time of the number of Medicaid service providers from 2012 through 2017 for physical and occupational therapists, physicians, and speech and hearing therapists;
 - iii. The Department of Health provide an update on the status of moving more Medicaid claims from American Indian and Alaskan Native Medicaid clients to a higher match rate by June 1, 2018. The update shall include a best guess on the outlook of potential savings;
 - iv. The Department of Health to amend the State plan to pursue estate collections for Medicaid clients using long term care services after a surviving spouse has died. The Department of Health is to end the practice of waiving state claims to estates because there is a surviving spouse by December 31, 2017; and
 - v. The Department of Health work with the Utah State Office of Education to encourage school districts and charter schools with large student populations to bill Medicaid for eligible medical services provided at school. The Department of Health shall work with the Utah State Office of Education to provide a report on the status of and financial impact to newly participating school districts and charter schools to the Office of the Legislative Fiscal Analyst by June 1, 2018.
 - b. The remaining recommendations and options may be discussed in future meetings.
6. Medication-Assisted Treatment (MAT) for Substance Use Disorder
 - a. The Subcommittee heard a report from Salt Lake County Behavioral Health and the Division of Substance Abuse and Mental Health on previous funding for MAT at its 10/18 afternoon meeting. The presentation included discussion of client outcomes, ways that they work to minimize medication costs, and data-related barriers.
7. Proposed Performance Measures for All New Funding
 - a. In order to continue effective oversight, the Subcommittee reviewed proposed performance measures for new building blocks at its 6/20 afternoon meeting.
8. Status of Health Coverage Improvement Program

- a. The federal government approved Utah's proposed Medicaid enhancement on November 1, 2017. The Subcommittee will continue to hear updates and watch the actual costs compared to appropriations in future meetings.
9. Foster Children and Families (deep dive)
 - a. All staff recommendations approved in the 10/18 morning meeting; motions passed unanimously. The Social Services Appropriations Subcommittee intends that by January 1, 2018:
 - i. The Division of Child and Family Services (DCFS) improve data tracking in the following areas, in order to better assess system adequacy at matching children in custody with foster families and to more precisely target recruitment and retention efforts: a. Identify and document the level of assessed need for each child in custody, even though actual placement may vary based on the needs of siblings in custody, geography, family availability, and other factors, as well as the actual placement and reasons for deviation; and b. Identify and document the level of care that each foster family is qualified for, whether they are kinship or not, and whether they are available to take a placement, in a way that can be easily searched and compared to the assessed needs of children in custody;
 - ii. DCFS evaluate the proctor care system, including: a. Determine whether private proctor care is cost-effective; and b. Determine the extent to which children in custody are placed in proctor care due only to insufficient availability of lower level foster families;
 - iii. DCFS take the following actions related to Utah Foster Care (UFC): a. Consider whether to increase the recruitment and retention targets, given that recruitment targets were lowered in the past but UFC has consistently exceeded them and that the target appears lower than the average rate of families exiting the system; and b. Compare the employee compensation and overhead costs of UFC to those of DCFS and consider whether contracting for recruitment and retention services is cost-effective; and
 - iv. DCFS provide the following information related to their federal Social Security Title IV-E waiver, which is used to provide in-home services: a. Provide their detailed budget plan for service continuity and maintaining the emphasis on in-home care when the waiver expires; and b. Identify and project trends in eligibility among children in custody and describe their budget plan for managing the resulting budgetary impacts.

In addition to the items you asked us to study, we studied the following selected items:

- Publicly Funded Web Resources for Provider Quality Comparison – We heard some initial ideas on the feasibility of having web resources for provider quality comparison for clients receiving state services or state-funded services.
- We heard five presentations on potential requests for appropriation in the 2018 General Session (Utah Nursing Consortium, Utah Anti-Bullying Commission, Best Buddies, The INN Between, and Alzheimer State Plan)
- Medicaid Client Access to Dental Care Under Managed Care Contracts – We received a report indicating that compared to the prior fee-for-service dental care system, Medicaid clients had lower utilization in the first full year and more utilization in the second full year.
- Declining Medical Collections in the Office of Recovery Services (ORS) -- We discussed and planned to consider during the General Session reducing the ORS budget by 1.3 FTEs.

- The Subcommittee voted to ask the Health and Human Services Interim Committee to consider opening a bill file that would strengthen ORS' ability to collect on Medicaid liens under the federal Tax Equity and Fiscal Responsibility Act (TEFRA).
- Direct Care Staff Salary Increase Report -- Consistent with the previous year, the Subcommittee requested that the Division of Services for People with Disabilities report on how budget increases for direct care staff salaries have impacted turnover.
- The Subcommittee heard a report on the resolution of a lawsuit related to individuals waiting for forensic competency restoration services from the State Hospital. Appropriations during the 2017 General Session for a jail-based unit helped facilitate a settlement.
- Prior to the Special Session held in September, we provided the public hearing for H.B. 1001S01 and voted to send the bill to the House Floor; motion passed unanimously.

The Subcommittee also toured the following operations: the Midvale Family Shelter, the Road Home's Downtown Shelter, and Catholic Community Services' St. Vincent de Paul Dining Hall.

We have no requests for legislative leadership pertaining to items we worked on during the Interim at this time. The Subcommittee plans to take additional action during the General Session based on work completed during the 2017 Interim.

Sincerely,

Chairs of the Social Services Appropriations Subcommittee.

Sen. Allen M. Christensen, Co-Chair

Rep. Paul Ray, Co-Chair

Rep. Raymond P. Ward, Vice Chair